



June 28, 1996

SDN Users Association, Inc.

RECEIVED

JUL 1 1996

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

ORIGINAL

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20544

In the matter of

Implementation of the
Pay Telephone Reclassification
and Compensation Provisions of the
Telecommunications Act of 1996

CC Docket No. 96-128

Comments of the SDN Users Association, Inc.

DOCKET FILE COPY ORIGINAL

The SDN Users Association hereby responds to the Commission's Notice of Proposed Rulemaking (NPRM), released June 6, 1996, seeking comments on rules to implement Section 276 of the Telecommunications Act of 1996 (1996 Act).

The SDN Users Association, Inc. represents more than 453 business customers of AT&T's Software Defined Network service. Our members represent all sectors of the economy and all geographic regions of the country, many with multi-state and multi-national presence. Each of these member companies and institutions is a sophisticated user of telecommunications services. We have chosen to comment on this proceeding because we believe the rules developed to implement the pay telephone reclassification and compensation provisions of the 1996 Act will have a profound impact on our members' enterprises.

As large telecommunications users, our members have a significant interest in this rule making. Any change in costs will ultimately affect our corporate expenses. Therefore, while we recognize the issue payphone providers have brought forward concerning compensation for non-coin calls, we also recognize that the telecommunications industry has become much more complex in terms of service provision, billing options, dial-arounds, etc. Even so, payphones continue to be an important link in availability. Therefore, payphone providers compensation needs to be brought up to date with the current ways of paying for calls. To that end, we appreciate the Commission taking up the issue because we feel all would be best served by a consistent national policy for compensation.

10/1/96
10/1/96

044

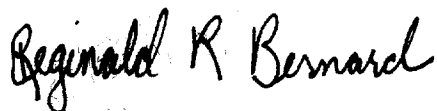
Extending to the BOCs the same rights that all other payphone providers have to select and contract with the interLATA carriers to carry interLATA traffic from their payphones would not "be in the public interest." All location providers of payphones must have legal authority to negotiate and implement the intra/interLATA carrier of their choice, without impairment from a dominant payphone provider. Today's payphone industry clearly has a dominant service provider, the Regional Bell Operating Companies (RBOC's). The RBOC's payphone services must be regulated by the FCC, until a time when the payphone industry is truly competitive for all service providers. Without federal regulation, the RBOC's will maintain a dominant position in the marketplace and could leverage their position to motivate location providers choice of intra/interLATA carrier selection.

The SDN Users Association is in favor of a per-call compensation plan for all access code, subscriber 800, toll-free, and debit card calls. We believe that this compensation should be administered at the network level providing billing on the call. While costs may vary from area to area, we believe some discipline must be introduced so that charges do not vary from payphone provider to payphone provider within an area. For that reason, we suggest a national formula administered at the state level as they know the markets. We are concerned that the problems initially experienced with AOS companies could recur unless careful thought is given to the regulations and enforcement is provided to correct problems. One major source of exposure in this system is, as in the AOS matter, that the network service provider becomes a billing agent for an uncontrolled entity. Therefore, the network service provider must either be insulated from complaint by, for instance, having a direct coin charge at the point of call, or by having the compensation determined by a formula which all parties, under FCC supervision, work out.

As mentioned in previous NPRM comments filed with the FCC, we are not lobbyists or telecommunications attorneys, we are telecommunications managers who must cope daily with the results of changes in the telecommunications landscape. We thank you for the opportunity to make those impacts known through this channel.

If we can provide further assistance in reaching these results, we would be delighted to do so.

Sincerely,

A handwritten signature in cursive script that reads "Reginald R. Bernard". The signature is written in dark ink and is positioned below the word "Sincerely,".

Reginald R. Bernard, President